

RAWLING REPORT

WINTER 2007 • BROUGHT TO YOU



BY RAWLING FINANCIAL INC.

HELPING CLIENTS MAKE WISE DECISIONS REGARDING THEIR WEALTH

Pension plans for small business owners

By Fred Thompson, FSA, FCIA

Ever hear about the pensions that high-paid executives at big companies get? Ever think that it would be nice if you, the owner of a small but successful business, could get a similar deal?

Well, maybe you can.

For example a 50-year old who has been earning \$100,000 since 1991 and who has maxed his RRSP contributions: his or her company may contribute into a Individual Pension Plan (IPP), \$110,000 in 2006; \$30,000 in 2007; increasing annually to as much as \$84,700 by age 65.

Some other points to consider:

- It must be an employer-employee relationship (usually means T-4 income).
- The Income Tax Act allows for the creation of the pension plan, but someone must pay for it. Pension plans are like anything else – you can only take out what you put in. There is no magic.
- If your company is doing well enough to pay you a big salary (we're talking at least \$110,000 per year for the last 10 years or so) it is probably doing well enough to direct a goodly piece of its revenue to providing you with a pension.
- IPPs are most appealing to people who have reached age 50.
- You may recognize some of the previous years when you were contributing to an RRSP.
- Contributions are pre-tax and are made by the company. Investment income is sheltered. All taxes are deferred until funds are taken out.
- The entire fund may only be paid to the member or their beneficiaries.

- Creditor protection potential is stronger than under an RRSP.
- May have lower fees than an RRSP
- All of the ongoing administration done by a professional advisor for a fee.

IPPs are a complex product. Talk to a qualified professional advisor for more information.

This information is provided for your convenience only. Your financial security advisors are not affiliated with the contacts listed, and make no representation, warranty or guarantee of the information offered.

"Fred Thompson started his career as an Actuary at Canada Life. He has also worked for Empire Life, John Hancock (Boston) and was VP and Actuary at Commercial Life. He saw his first Individual Pension Plan in 1965, and



Fred, FSA, FCIA, is also an award winning hockey player

has been working as a consulting actuary, concentrating on pensions since 1975. Over the years, Fred has gained the reputation of being very innovative. With this breadth of experience, Fred is an experienced resource for customers who are considering an Individual Pension Plan (IPP). As a Fellow of the Society of Actuaries and a Fellow of the Canadian Institute of Actuaries, Fred is recognized, under all pension law, as an Actuary."

"Happy New Year from the Rawling Family"



Tribute to Doug Maus 1956-2006

I'm glad I had the time I had to get to know Doug Maus, first as a client, who then became a good friend. Life goes rushing by and I'm glad I took the time to slow down enough to know Doug. He was born and raised on the farm in Ayr, Ontario, so he had a gentle, story-telling friendliness and successfully combined it with a business savvy that allowed him rise to President and CEO, the last five years of a very successful corporation, "Farms.com". A company that he helped build to a current number of 100 employees in offices across North America.

Doug was someone who had many dimensions. He was blessed with a brilliant mind. This allowed him to never be stumped for a topic of conversation. He could discuss detailed baseball stats and then jump to music history and tell you trivia about band members from years ago. Then he'd go into business topics and would know a lot about the state of affairs of the agriculture world. He had many interests and that made for his unique and colourful personality. One thing that was clear was his love for his family. He spoke often about his daughters Nicole, Stephanie and Rachel, and his young son Riley.

He had an interest in sports and I had the pleasure of having Doug join us on three of our Las Vegas golf trips. You get a chance to know someone well when you travel with them. It was fun to see Doug's excitement from playing golf and then having a beer after. I know the discussions we had with Doug made a profound impact on people in our group. It inspired some to make changes in their businesses that proved to be the right moves to make. It was Doug's sage advice and inspiration that got them going.

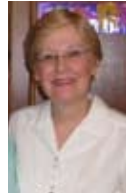
He enjoyed hockey too, having played from a young age. He played a weekly game with some long-time friends. Doug was playing one of his weekly games when he suffered a heart attack at a rink in London. Doug died on November 4, 2006. We will miss you Doug and won't ever forget you!



Left to right: Mark Clement, Doug Maus, Hugh, Craig Henderson at the clubhouse after 18 holes, Nov 2003.

Marg LeBlanc joins the Rawling Financial Team

This month, Marg LeBlanc joins Kelly as a Customer Care Assistant on the Rawling Financial team. Marg recently retired after over 25 years with London Life. Most of her career was spent in the Sarnia, Windsor and London offices providing administrative assistance to financial advisors, including Hugh Rawling. The last five years were spent at London Life's Head Office in the Individual Client Service area where further knowledge was developed in providing for the needs of clients and advisors.



Marg enjoys spending as much time as possible with her two grandsons who live in Markham, Ontario. She also enjoys music and sings in the Byron United Church choir. She and her husband Ray enjoy travelling and are looking forward to doing more of that in the future.

On a part-time basis, Marg is happy to be renewing her association with Rawling Financial Inc. Kelly will still be the primary contact to field questions from Rawling Financial customers regarding Life Insurance, Investments, or our "Planning Trail." Marg will assist when Kelly is on vacation, occasionally during busy seasons, and will work with Hugh on business development.

Marg has said that it will be a pleasure to have contact with the many clients that she already knows, as well as meet the new clients that Hugh has begun working with.

The Customer Care team can be reached on their direct line, (519) 963-4401 or by email, admin@rawlingfinancial.com.



After playing the Ledges golf course in St. George, Utah, we are caught pool-side at a beautiful \$5 million house on the course. From left: Hugh Rawling, Craig Hunt, Dave Postowoj and Brian Bell. You can see more photos of the trip at http://rawlingfinancial.com/2006_story.php.



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